

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 OPIC-03 AID-05 CEA-01 CIAE-00  
COME-00 EB-08 FRB-03 INR-10 NSAE-00 SP-02 STR-07  
TRSE-00 LAB-04 SIL-01 OMB-01 HA-05 OES-07 AGRE-00  
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USEEC

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TAGS: EAID, EEC, EIND, OPIC  
SUBJECT: STATUS OF EC COMMISSION'S PROPOSAL FOR A COMMUNITY  
-- INVESTMENT PROTECTION AND GUARANTEE SCHEME  
  
REF: (A) BRUSSELS 2150 (NOTAL), (B) BRUSSELS 3153  
(C) BRUSSELS 10452

1. REF A OUTLINED EC COMMISSION'S JANUARY 1978 MEMORANDUM  
TO EC COUNCIL CONCERNING A PROPOSED COMMUNITY INVESTMENT  
PROTECTION AND GUARANTEE SCHEME TO ENCOURAGE PRIVATE  
INVESTMENT IN THE LDC'S. EC COMMISSIONER FOR DEVELOPMENT  
CHEYSSON'S VIEW IS THAT THIS SCHEME, IF ADOPTED BY THE EC  
MEMBER STATES SHOULD BE APPLIED, INTER ALIA, TO COMMUNITY'S  
RELATIONS WITH 53 ACP STATES UNDER LOME CONVENTION; FOR  
THIS REASON, IT HAS BEEN INCORPORATED INTO COMMISSION'S  
DRAFT NEGOTIATING MANDATE FOR LOME II (REF B).  
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2. IN RECENT CONVERSATIONS WITH COMMISSION AND EC PERMREP  
SOURCES, MISSION HAS LEARNED THAT DISCUSSIONS ON PROPOSED  
INVESTMENT PROTECTION AND GUARANTEE SCHEME AT COREPER WORK-  
ING LEVELS HAVE THUS FAR REVEALED LACK OF CONSENSUS AMONG  
EC-9 ON UTILITY OF COMMISSION'S SUGGESTIONS. AS A RESULT,  
AND GIVEN JULY 24 DEADLINE FOR OPENING LOME II NEGOTIA-

TIONS, COREPER DECIDED TO DIVIDE ITS REVIEW OF COMMISSION'S MEMORANDUM INTO TWO TRACKS, I.E., A FAST TRACK WHICH WOULD CONSIDER CERTAIN ELEMENTS OF CHEYSSON'S PROPOSAL IN THE CONTEXT OF LOME II, AND A SLOWER ONE WHICH WOULD EXAMINE ON A RELATIVELY UNHURRIED BASIS, THE NEED FOR A COMMUNITY (AS OPPOSED TO MEMBER STATE BILATERAL) POLICY ON INVESTMENTS IN THIRD WORLD. WORK UNDER THE LATTER TRACK REPORTEDLY MAY NOT BE COMPLETED UNTIL AUTUMN.

3. REGARDING LOME II, COMMISSION SOURCES INDICATE THAT BECAUSE OF THE SIGNIFICANT DIFFERENCES AMONG THE NINE ON INVESTMENT POLICY, CONSENSUS IN EC COUNCIL IS LIKELY TO BUILD AROUND THE DESIRABILITY OF SIMPLY NEGOTIATING REFERENCE TO THE IMPORTANCE OF A "FAVORABLE INVESTMENT CLIMATE IN THE LDC'S" FOR INCLUSION IN THE NEW CONVENTION. WHILE SUCH A SOLUTION WOULD NO DOUBT HELP OVERCOME THE IMMEDIATE PROBLEM OF THE LOME II NEGOTIATING DEADLINE, PERMREP OFFICIALS TELL US THEY ARE NOT SANGUINE THAT AN EC POLICY, APPROACHING THE STANDARDS SET FORTH BY THE COMMISSION, WILL EVER BE ENDORSED BY THE EC-9. THIS VIEW IS BASED PRINCIPALLY ON FRENCH AND FRG UNWILLINGNESS IN COREPER TO CONCEDE COMMUNITY COMPETENCE IN THE INVESTMENT PROTECTION FIELD. ACCORDING TO OUR SOURCES, GOF DENIES THE PREMISE UNDERLYING COMMISSION'S PROPOSALS (I.E., THAT INVESTMENT NEEDS ARE SO GREAT THAT ONLY A COMMUNITY-WIDE POLICY WILL WORK) AND HOLDS THAT, EVEN IF SUCH NEED COULD BE IDENTIFIED, THE COMMISSION'S SCHEME WOULD BE IMPRACTICAL LIMITED OFFICIAL USE

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FRG, ON THE OTHER HAND, IS SAID TO BE PRIMARILY CONCERNED LEST AN EC SCHEME IN THIS FIELD UNDERMINE OR DILUTE ITS OWN INVESTMENT PROTECTION AND GUARANTEE SCHEMES NEGOTIATED BILATERALLY WITH A NUMBER OF LDC'S. (NOTE: MISSION IS ALSO AWARE, HOWEVER, THAT COMMISSIONER CHEYSSON INTENDS TO FIGHT FOR ACCEPTANCE OF HIS PROPOSAL AND HAS RECENTLY CONTACTED PRIVATE MINING INTERESTS IN THE MEMBER STATES SUGGESTING THEY LOBBY IN COMING MONTHS WITH THE GOVERNMENTS CONCERNED.)

4. COMMENT: DURING SEMIANNUAL US-EC CONSULTATIONS IN BRUSSELS MAY 25 (REF C), UNDER SECRETARY COOPER EXPRESSED INTEREST IN THE COMMISSION DELEGATION'S COMMENTS TO THE US SIDE ABOUT THE NEED TO FOSTER INCREASED PRIVATE INVESTMENT (PARTICULARLY IN THE MINING SECTOR) IN THE LDC'S. MISSION RECOMMENDS THAT CONCERNED WASHINGTON AGENCIES CONSIDER DESIRABILITY OF AN APPROACH TO THE FRG (AND POSSIBLY OTHER MEMBER STATES) TO REQUEST INFORMATION ABOUT FRG VIEWS ON THIS ISSUE AND TO DISCREETLY ENCOURAGE SUPPORT FOR THE COMMISSION'S INITIATIVE. IF WASHINGTON AGREES TO SUCH AN APPROACH, APPROPRIATE TALKING POINTS SHOULD BE PREPARED FOR EMBASSY BONN. MORRIS

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## Message Attributes

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